

89 JAN 10 AM 9:15

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
National Republican Senatorial)
Committee) MUR 2314
Frederick M. Bassinger, as)
treasurer)
)
Jim Santini for Senate)
J. Glen Sanford, as treasurer)

SENSITIVE

EXECUTIVE SESSION

JAN 24 1989

GENERAL COUNSEL'S REPORT

I. BACKGROUND

A. Reason to Believe Findings

This matter involved a complaint stating that the National Republican Senatorial Committee ("the NRSC") and/or the Republican National Committee ("the RNC") solicited contributions from individuals, that such contributions were sent to the NRSC and/or the RNC and that the NRSC and/or the RNC through the NRSC disbursed these funds to Jim Santini for Senate ("the Santini Committee"). It is alleged that the NRSC and/or the RNC exercised direction or control over the choice of the recipient and, therefore, contributed such funds according to 11 C.F.R. § 110.6(d). The complainant asserted that, starting in March, 1986, the NRSC obtained \$700,000 in this manner and determined that the Santini Committee would receive these funds.

Complainant cited what he considered to be the best example of such an exercise of direction or control, referring to the report in the Santini Committee's 1986 April Quarterly of the receipt on March 31, 1986, of \$19,012 in individual contributions for which the NRSC was the conduit. That report listed numerous small contributions from individuals in various states.

620739
SEC. 106
99-04-395

Complainant pointed out that Mr. Santini did not announce his candidacy until March 24, 1986, and maintained that it would have been impossible for such contributions to have been made to the Santini Committee without the exercise of direction or control by the NRSC.

In making his allegations, complainant was alleging violations of 2 U.S.C. § 441a(h) by the NRSC, 2 U.S.C. § 441a(a)(2)(a) by the RNC, and 2 U.S.C. § 441a(f) by the Santini Committee and the candidate, James D. Santini. In addition, complainant alleged that these contributions were not reported correctly.

The treasurer of the Santini Committee responded that the contributions forwarded to the Santini Committee by "national Republican organizations" were "entirely legal" and "properly reported." The candidate stated that he understood that the NRSC was following standard disbursement procedures for national Republican committees.

Counsel for the NRSC stated that, in March, 1986, it had an "earmarking" or "conduit" program for the Santini Committee. Counsel stated that, between March 25 and March 31, 1986, "contributors directed the NRSC to forward to the Santini campaign all or portions of specific contributions they had already sent in response to NRSC-originated fundraising appeals."

Counsel stated that during the 1985-6 election cycle, the NRSC made arrangements "to enable contributors to earmark their contributions to specific candidates through a telephone contact, followed by a confirmatory letter. This program was known as the

"'direct to' program." According to an affidavit of the NRSC's Comptroller and Director of Administration, when the NRSC received a check pursuant to a fundraising appeal, the contribution was either recorded as a contribution to the NRSC and placed in the NRSC's operations account or it was deposited in a separate account for the "direct to" program, "predetermined by the size of the check and other administrative factors." If a check was deposited in the latter account, the contributor was subsequently called by one of the NRSC phone bank callers. During these calls, the contributor "was thanked for the recent contribution, told that specific campaigns were in need of assistance, and asked whether he or she wished to direct all or a portion of the contribution to any of those campaigns."

According to counsel's response:

a minimum of three candidates (and often four) were always identified by the NRSC caller. Contributors contacted by telephone directed their contributions in a variety of ways: to be divided between all of the candidates mentioned, to be divided between only some of them, to be sent to only one of them, to be sent to candidates not mentioned by the NRSC caller, or to be sent to no candidate.

If the contributor stated that all or part of his contribution should be sent to a specific candidate, the NRSC forwarded the amount of the contribution. Otherwise, the funds were placed in the NRSC operations account.

Counsel also described the arrangements between the NRSC and the recipient Senatorial committees. He stated:

NRSC entered into agreements with campaigns which received earmarked funds through this "direct-to" program. See

sample Agreement at Exhibit 2. The agreements provided that those campaigns would be billed on a monthly basis for their costs associated with this program, including the services of the telephone callers, the correspondence with contributors, and NRSC's overhead and other costs. Id., and Preztunik Affidavit at ¶ 11. Each campaign was billed a flat rate of \$3 per earmarked contribution received through the "direct-to" program, on the independent advice of two different accounting firms. Id. All bills for this service were presented to all participating Senate campaigns, including Congressman Santini's, and have been paid in full.

The 1986 reports of the NRSC denoted the contributions that passed through the NRSC and were sent on to the Santini Committee. These reports explicitly stated whether the contribution was transmitted by NRSC check or by contributor check and reported contributions passing through its account on both its receipt and expenditure schedules. The Santini Committee also denoted contributions that passed through the NRSC, indicating that the NRSC acted as a "conduit" for some contributions passing through the NRSC and as an "intermediary" for other contributions passing through the NRSC. According to the Santini Committee reports, the total of contributions for which the NRSC served as an intermediary or conduit was \$452,831.34, i.e., \$340,938.00 as a conduit and \$111,893.34 as an intermediary. It appeared, however, that there were \$8,000 in contributions sent to the Santini campaign from late January to mid-March, 1986, that were not reported by either Friends of Jim Santini, which was Mr. Santini's exploratory committee, or by Jim Santini for Senate as passing through the NRSC.

Although the NRSC and the Santini Committee reported contributions passed on to the Santini Committee in the form of NRSC checks or contributor checks, neither committee's reports contained any indication that the NRSC exercised direction or control over the contributions or that the contributions were to be considered as contributions from both the original contributors and the NRSC.

A review of the reports of the Santini Committee and the RNC indicated that the RNC was not involved as an intermediary or conduit for contributions to the Santini Committee or for contributions through the NRSC to the Santini Committee.

Based on the foregoing information, the Commission, on July 28, 1987, found reason to believe that the NRSC and its treasurer, violated 2 U.S.C. § 441a(h), that the Santini Committee and its treasurer violated 2 U.S.C. § 441a(f), and that both committees violated 2 U.S.C. § 434(b) and 11 C.F.R. § 110.6(d)(2). The Commission found no reason to believe that the NRSC violated 11 C.F.R. § 110.6(c)(1) and (c)(4) and decided to take no action at that time as to the allegation that the Santini Committee violated 11 C.F.R. § 110.6(c)(3). Finally, the Commission found no reason to believe that the Republican National Committee violated 2 U.S.C. § 441a(h) or 2 U.S.C. § 434(b) and 11 C.F.R. § 110.6(c) and (d) and no reason to believe that James D. Santini violated 2 U.S.C. § 441a(f) or 2 U.S.C. § 434(b)(2)(D) and 11 C.F.R. § 110.6(c) and (d).

The Commission also approved interrogatories and requests for documents to be sent to the NRSC and the Santini Committee.

The interrogatories to the NRSC and the Santini Committee requested an identification and description of the NRSC's conduit programs for contributions to the Santini Committee, an identification of individuals with the NRSC and the Santini Committee who were involved with the conduit programs, and copies of all documents pertaining to the conduit programs (e.g., correspondence between the committees and internal documents). In addition, the interrogatories to the NRSC also requested information for each conduit program as to the contribution amounts transmitted in the form of contributor checks and in the form of NRSC checks. The NRSC was also asked to state the factors it used in determining whether a contribution was to be deposited in a special account for a conduit program.

B. Responses

The NRSC submitted a lengthy response on September 22, 1987. (See Attachment 1).¹ The response described five different operations within the "Direct-To" Program and stated the amounts sent on to the Santini Committee. These operations were: (1) Direct-To, which resulted in \$71,627.33 in contributions transmitted by NRSC checks; (2) Direct-To Auto, which resulted in \$399,131.80 in contributions transmitted by NRSC checks; (3) Miscellaneous Conduiting, which resulted in \$28,295.54 in contributions transmitted by NRSC checks and \$235,901.66 in contributions transmitted by contributor checks; (4) the Trust

1. This Office has attached the cover letter and response to interrogatories of NRSC's counsel. Counsel also enclosed 379 pages of documents with the response. These documents are available for review in OGC's Docket office.

Program, which resulted in \$5,600 in contributions transmitted by NRSC checks and \$107,875 transmitted by contributor checks; and (5) Majority '86, which resulted in \$32,575 transmitted by NRSC checks and \$43,000 transmitted by contributor check. Thus, according to the NRSC's response, \$537,229.67 in contributions were transmitted by NRSC checks and \$386,776.66 were transmitted by contributor checks.

The NRSC's response described each of these operations. Two of these operations appear to have involved the receipt of unearmarked contributions by the NRSC and the subsequent communication to contributors during which such contributors were asked to designate candidates to receive NRSC checks. These were the Direct-To operation and the Majority '86 operation. The other operations involved the receipt by the NRSC of contributions which were earmarked at the time they were made or at the time the sums were pledged.

Among the documents submitted by the NRSC were copies of solicitations which yielded the contributions for the Direct-To operation. These were the solicitations that preceded the phone calls in which the NRSC asked for the earmarking of contributions already made. These solicitations did not mention specific candidates or states and did not state that the contributor would be called subsequently to designate a recipient. Thus, it appears that the contributions made pursuant to those solicitations were made without the knowledge that they could subsequently be earmarked.

The documents are not as clear with respect to the original

solicitations for the Majority '86 donors. In its response to the interrogatories, the NRSC explained that contributions from NRSC "Inner Circle" donors (i.e., \$1,000 contributors) were deposited into the Majority '86 account while NRSC telephone operators contacted the donors for earmarking their contributions to particular candidates. The sample solicitation letter enclosed by the NRSC was sent to an Inner Circle member and invited him to join Majority '86 which was open to those who contributed \$1,000 to the Majority '86 escrow account and who made four \$1,000 contributions through the NRSC to each of four Republican candidates. Those making a \$1,000 contribution to renew their Inner Circle membership, however, could also join Majority '86 by applying that \$1,000 toward Majority '86 membership and contributing \$1,000 to each of four candidates through the NRSC. It is unclear from the solicitation letter and from other documents submitted whether the initial \$1,000 contributions were made with the knowledge that the NRSC would subsequently ask for designation of those contributions. In addition, it appears that some Majority '86 donors contributed \$5,000 checks made out to the NRSC with designations of recipient candidates rather than separate \$1,000 checks to be passed on. Therefore, it is unclear how much of the \$32,575 in Majority '86 contributions transmitted by NRSC check to the Santini campaign resulted from the initial \$1,000 contributions and how much resulted from remaining contributions.

The Santini Committee submitted three responses, one from Mr. Sanford, the treasurer, one from Ann Holbach, the assistant

campaign manager and first comptroller, and one from James C. Chachas, another comptroller. The replies from these persons were generally unresponsive, stating only a vague knowledge of the earmarking programs. No documents were submitted and it appears that little or no effort was made to review committee documents in the preparation of responses. Ms. Holbach did state, however, that she did not know whether the NRSC communicated with contributors before or after a contribution to be sent on had been received by the NRSC.

C. Information from MUR 2282

A review of the NRSC's responses in MUR 2282 also yielded other information pertinent to the question of the total of contributions made by the NRSC to the Santini campaign. There were arrangements between the NRSC and the Santini Committee whereby the Santini Committee paid the NRSC for solicitation costs. One of the arrangements for payments was explained by the NRSC's Controller and Director of Administration in response to the complaint in this matter and is described above. The cost of \$3 per contribution covered the services of the telephone callers, correspondence with contributors who had directed a contribution to a candidate, and an allocated portion of the NRSC's overhead and other costs. According to the affidavit of the NRSC's Comptroller and Director of Administration, the fee was derived pursuant to the opinions of two accounting firms as to the "value of the services provided" to candidates through the Direct-To Program. It appears that these arrangements applied to the Direct-To operation and to some of the Majority '86

operation. Another arrangement is described by the NRSC in its responses in MUR 2282 which pertains to a Direct-To Auto solicitation involving a mass mailing on September 2, 1986, in which persons were asked to make a contribution to be divided among four candidates listed by state. For that solicitation, each candidate committee was charged \$.33 per contribution forwarded by the NRSC, an amount determined by estimating the cost of each mailing (\$1.32) and dividing it by four. The NRSC then charged for only successful solicitations, leaving the cost of unsuccessful solicitations unpaid for. The NRSC stated that the cost of that mailing was \$672,000. It was reimbursed by the candidate committees in amounts totalling only \$63,432, thus leaving \$608,568 in solicitation costs unpaid for. In the case of the latter arrangement, it appears that the amounts charged to each candidate committee were based on the number of contributions earmarked for the particular candidate, rather than on the actual cost of the solicitation. The first arrangement (i.e., the arrangement providing for a \$3 payment per contribution) may also have involved payment by the individual candidate committees for only successful solicitations, rather than payment for all of the allocable solicitation costs.²

This Office reviewed the solicitation letters for the September 2 mailing and concluded that, since the Nevada Senate

2. It appears from the documents provided by the NRSC that, when the Direct-To Program was being planned, the NRSC at one point contemplated charging each campaign on a pro rata basis. Each campaign would have a portion of the "[t]otal NRSC fundraising costs" for a month deducted from its section 441a(d) total, based on the percentage of Direct-To contributions received.

race accounted for 12.5 per cent of the Senate races listed in the solicitations, \$76,071 in solicitation costs for the Santini campaign were not paid for.³ The reports of the NRSC indicate that the Santini Committee made fifteen payments totalling \$58,302.29 to the NRSC for fundraising costs, mailing services, and "fee[s]" (although it is not known whether these payments were all in connection with the conduit operations). In addition, according to the Direct-To Program Agreement, up to five per cent of the NRSC's maximum coordinated expenditure limit, i.e., the limit under 2 U.S.C. § 441a(d), for a candidate's campaign would be escrowed until October 20, 1986, and used to pay for the campaign's unpaid bills for the solicitation costs. The coordinated expenditure limit of the NRSC for Nevada was \$87,240, five per cent of which is \$4,362. According to the information available, therefore, the most the Santini Committee paid for solicitation costs in connection with the conduit operations was \$62,664.29. This amount, which is a total for the year, is still exceeded by the unpaid amounts for the September 2 mailing alone which accounted for only about 40 per cent of the contributions made to the Santini Committee under all Direct-To operations. Therefore, although this Office does not know the total of unpaid solicitation costs, the figures thus far indicate that there was a significant amount.

The responses of the NRSC in MUR 2282 also disclosed that

3. There were 24 different versions of the solicitation letters sent September 2. Each solicitation referred to "[o]ur Republican Senate candidates in" and then listed four states. Of the 96 references to a state, i.e., four states in each of 24 letters, Nevada was referred to twelve times.

the NRSC forwarded \$108,086 in contributions received as a result of the September 2 mailing to specific candidates as if they had been earmarked, even though the contributions were not designated by the original contributors. Of this amount, \$24,887 was sent to the Santini Committee.

II. LEGAL ANALYSIS

The information available thus far indicates that further investigation is required. It appears that further reason to believe findings are necessary and that there should be further interrogatories sent to the NRSC and to a number of employees of the Santini Committee.

First, it appears from the information available in the reports of the Santini Committee and the responses of the NRSC that the Santini Committee failed to report a large number of contributions as having passed through the NRSC. It is not known to what extent the discrepancy is due to a failure to report the contributions at all and to what extent it is due to a failure to report the NRSC as a conduit.⁴ Nevertheless, the total reported by the Santini Committee as passing through the NRSC was \$452,831.34, i.e., \$471,174.99 less than the total stated in the NRSC's response. Section 110.6(c)(3) of the Commission Regulations states that the intended recipient of a contribution for which there was a conduit "shall disclose on his next report

4. Copies of letters from the NRSC to the Santini campaign, dated in January and February, 1986, indicate that the NRSC was a conduit for contributions to the Santini campaign in the form of NRSC and contributor checks during those months, but the Santini Committee's reports do not disclose the receipt of conduited contributions during those months.

each conduit through which the contribution passed." Section 434(b)(3)(A) of Title 2 requires a reporting political committee to identify each person (other than a political committee) whose contribution or contributions aggregate more than \$200 in the calendar year, along with the date and amount of such contribution, and 2 U.S.C. § 434(b)(3)(B) requires the committee to identify each political committee that contributes along with the date and amount.⁵

Based on the foregoing analysis, this Office recommends that the Commission find reason to believe that Jim Santini for Senate and J. Glen Sanford, as treasurer, violated 11 C.F.R. § 110.6(c)(3) with respect to the apparent failure to report the NRSC as a conduit. This Office also recommends that the Commission find reason to believe that the Santini Committee and Mr. Sanford, as treasurer, violated 2 U.S.C. § 434(b) with respect to the apparent failure to report contributions. (The Commission has already found reason to believe that the Santini Committee violated 2 U.S.C. § 434(b) with respect to the failure to indicate that contributions sent through the NRSC were made by the NRSC, as well as by the original contributor.)

Second, it appears that further investigation is necessary with respect to the total of contributions by the NRSC to the Santini Committee. One of the figures that is needed is the cost

5. The Santini Committee does disclose on its Detailed Summary Pages that it received \$543,746.58 in unitemized contributions, i.e., \$200 or less from an individual. Even if this figure is composed totally or largely of unitemized contributions that passed through the NRSC, there was no entry in the Santini Committee's reports for totals of unitemized contributions for which the NRSC was a conduit or intermediary.

of the solicitations by the NRSC for contributions to be sent to the Santini campaign through the NRSC. The explanations of the NRSC indicate that the amounts charged to and paid by the Santini Committee for some of the solicitations may have been based on the number of successful solicitations alone, rather than on the costs for both successful and unsuccessful solicitations, and this Office lacks certain information as to costs and charges for other Direct-To solicitations. Therefore, the actual costs of all the solicitations may have exceeded the amounts charged to and paid by the Santini Committee. The question arises as to whether any solicitation costs not paid for were contributions to the Santini Committee.

Section 431(8)(A) of Title 2 and 11 C.F.R. § 100.7(a)(1) define "contribution" to mean "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." Section 100.7(a)(1)(iii)(A) of the Commission Regulations defines "anything of value" as including all in-kind contributions, and states that "the provision of any goods or services without charge . . . is a contribution."

According to 11 C.F.R § 106.1(a), "expenditures . . . made on behalf of more than one candidate shall be attributed to each candidate in proportion to, and shall be reported to reflect, the benefit reasonably expected to be derived." Section 106.1(b) states that an authorized expenditure (other than a section 441a(d) expenditure) made by a political committee on behalf of a candidate shall be reported as a contribution in-kind to the

candidate on whose behalf the expenditure was made. Section 106.1(c)(1) provides that expenditures for fundraising need not be attributed to individual candidates "unless these expenditures are made on behalf of a clearly identified candidate and the expenditure can be directly attributed to that candidate."

Section 106.1(d) defines "clearly identified" to mean either that the candidate's name appears, a photograph or drawing of the candidate appears, or "the identity of the candidate is apparent by unambiguous reference."

Based on the above-stated sections, it appears that, in order to determine whether the cost for all of the solicitations should be considered as an in-kind contribution of the NRSC to the Santini Committee, it is necessary to establish that the costs were incurred for the purpose of influencing a federal election, that the Santini Committee derived a benefit, and that the expenditures resulting in that benefit can be directly attributed to Santini.

The written solicitations and phone scripts provided by the NRSC discuss the need of funds by the Senate candidates for the upcoming election. In addition, the Santini Committee benefitted from both the successful and unsuccessful solicitations. If the Santini Committee had undertaken a comparable solicitation effort, it would have paid for all of the solicitation costs; thus, it may have been relieved of the financial burden of the unsuccessful solicitations. Furthermore, since each of the written and phone solicitations contained an electioneering message, something of value was indeed provided by the NRSC to

the Santini campaign, regardless of the success of the solicitation. Finally, Mr. Santini was clearly identified either by name or by the political party, office sought, and state in solicitations sent by the NRSC and submitted as documents. Thus, in summary, it appears that any amounts for solicitation costs for Santini that were not paid by the Santini Committee were contributions and should be added to the total of contributions by the NRSC to the Santini Committee.

The Commission has already found reason to believe that the NRSC has violated 2 U.S.C. § 441a(h). Unpaid for solicitation costs should be added to the amount apparently in excess of the statutory limit.⁶ Moreover, such additional costs were not reported by the NRSC on its Schedules B as contributions to the Santini Committee. Section 434(b)(6)(B) of Title 2 requires a political committee, other than an authorized committee, to disclose the name and address of each political committee that has received a contribution from it along with the date and amount of the contribution. Section 434(b)(4)(H)(i) requires a political committee, other than an authorized political committee, to report the total of all contributions made to other

6. Although this Office is making separate recommendations with respect to the various apparent violations of 2 U.S.C. § 434(b), this Office is not making further recommendations with respect to 2 U.S.C. § 441a(h) or 441a(f), but is instead merely stating that the figures involved should be added to the amount already apparently in violation of those sections. Only one reporting error is necessary to put a committee in violation of section 434(b). A contribution itself or contributions themselves, however, do not violate section 441a; they must exceed a certain figure. Therefore, it is more appropriate to discuss the newly discussed figure as adding to the apparent violation of section 441a, rather than comprising a new violation of section 441a.

political committees. As stated above, 11 C.F.R. § 106.1 requires the reporting of expenditures or in-kind contributions made on behalf of more than one candidate and attributed to each candidate. Based on the foregoing analysis, this Office recommends that the Commission find reason to believe that the NRSC and Frederick M. Bassinger, as treasurer, violated 2 U.S.C. § 434(b) and 11 C.F.R. § 106.1.⁷

The solicitation of contributions by the NRSC was a service that the Santini Committee knew it was receiving. The Direct-To Program Agreement signed by both the NRSC and the Santini Committee discussed the billing of campaigns on a per contributor basis. The agreement also provided for a liaison between the NRSC and the Santini Committee with respect to the conduit program, and the responses of Santini Committee personnel indicated that there was contact between the Santini campaign and the NRSC with respect to the receipt of conduited contributions. The Santini Committee, therefore, may have known the circumstances of the solicitations conducted under the Direct-To Program and may be said to have knowingly accepted the amounts of the unpaid for solicitation costs as in-kind contributions. Consequently, those costs should be added to the amount of the Santini Committee's apparent violation of 2 U.S.C. § 441a(f). Moreover, such costs should have been reported according to

7. The contributions considered in MUR 2282 in the form of unpaid for solicitation costs benefitting the Santini Committee will not be added to any apparent violation by the NRSC of 2 U.S.C. § 441(h) or the relevant reporting sections in this matter. That sum is being considered as part of the violations in MUR 2282.

2 U.S.C. § 434(b)(3)(B). Therefore, this Office recommends that the Commission find reason to believe that the Santini Committee and Mr. Sanford, as treasurer, violated 2 U.S.C. § 434(b) with respect to the failure to report such costs.⁸

In order to investigate with respect to these determinations, this Office must ask further questions of the NRSC. Questions are required to determine the solicitation costs incurred by the NRSC in its effort to have contributions directed to or sent to the Santini Committee. This Office has drafted questions asking for the total solicitation costs per Direct-To operation, including the costs of general solicitations (i.e., those that did not mention specific candidates or their states) that were made in anticipation of solicitations for the designation of specific candidates, and the costs of follow-up solicitations by mail and/or phone. Figures that can be isolated by the NRSC as being attributable to efforts for the Santini Committee may be difficult to obtain. This Office will ask the NRSC to provide figures and show how they were reached but the method used by the NRSC may not prove satisfactory. Therefore,

8. As stated above, the NRSC sent to the Santini Committee \$24,887 in unearmarked contributions that were mistakenly forwarded as earmarked for the Santini Committee. By sending these contributions to the Santini Committee, the NRSC exercised direction or control over the choice of the recipient candidate and, therefore, the \$24,887 are considered as contributions by the NRSC. This sum, however, will not be added to any apparent violation of 2 U.S.C. § 441a(h) or 434(b) by the NRSC because it is being considered as part of the violation in MUR 2282. With respect to the receipt of this sum, it appears that the Santini Committee did not know that the funds it received were not designated by the original contributors. Therefore, this sum should not be added to the amount of the committee's apparent violations of 2 U.S.C. § 441a(f) or 434(b).

this Office also proposes other questions that may provide a basis for arriving at a figure, e.g., questions that will assist us in obtaining a pro rata figure for the solicitations benefitting the Santini campaign.⁹

Third, it is necessary to submit interrogatories and requests for documents to the Santini Committee and to ensure responses through the use of subpoenas and greater specificity in the questions. This Office hopes to obtain information as to the Santini Committee's knowledge of the implementation of the conduit programs in order to ascertain whether it knowingly accepted the contributions at issue. In addition, this Office wishes to obtain information as to the reasons for the extraordinary discrepancy between the amount that the NRSC asserted passed through its account and the amount disclosed by the Santini Committee on its reports.

Instead of sending one subpoena to the treasurer of the Santini Committee, this Office proposes sending subpoenas to the treasurer, to Ms. Holbach, and to Mr. Chachas, all of whom have submitted vague responses. In addition, subpoenas should be sent to: (1) the campaign manager, Acel Robison, who, according to the NRSC's response, engaged in general conversations about fundraising with NRSC officials; (2) Miller/Roos and Huckaby and Associates, which were the firms that performed accounting work and certain reporting functions for the campaign; (3) Mary Alice Hardy, who, according to Mr. Sanford, "handled the day-to-day

9. Although the NRSC may not be able to answer all of the questions designed to enable this Office to determine a pro rata figure, enough responses may be provided to derive such a figure.

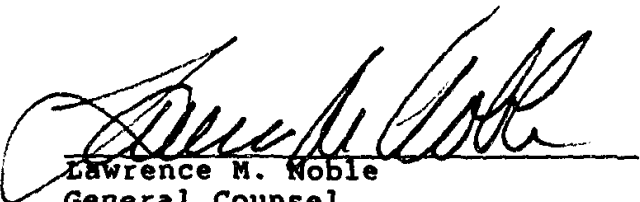
receipt" of conduited contributions; (4) Vicki Tigwell, Tim Fermoile, Jerry Dondero, and Joan Henderson, who, according to Mr. Chachas, communicated with the NRSC with regard to conduited contributions, (5) Mr. Santini, who may have some knowledge of the arrangements with the NRSC, and (6) Maryanne Preztunik, former NRSC Comptroller and Director of Administration, who submitted the NRSC's responses to the first interrogatories and who may have information as to the Santini Committee's knowledge of the conduit programs.

III. RECOMMENDATIONS

1. Find reason to believe that Jim Santini for Senate and J. Glen Sanford, as treasurer, violated 11 C.F.R. § 110.6(c)(3) and 2 U.S.C. § 434(b).
2. Find reason to believe that the National Republican Senatorial Committee and Frederick M. Bassinger, as treasurer, violated 11 C.F.R. § 106.1 and 2 U.S.C. § 434(b).
3. Approve the attached letters and factual and legal analyses.
4. Approve the attached subpoenas and orders.

Date

4/9/88


Lawrence M. Noble
General Counsel

Attachments

1. Response from the NRSC
2. Responses from the Santini Committee
3. Proposed letters, factual and legal analyses, and subpoenas and orders to the respondents
4. Proposed subpoenas and orders to the witnesses



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN *Jm*
COMMISSION SECRETARY

DATE: JANUARY 13, 1989

SUBJECT: OBJECTIONS TO MUR 2314 - General Counsel's Report
Signed January 9, 1989

The above-captioned document was circulated to the
Commission on Tuesday, January 10, 1989 at 4:00 p.m..

Objection(s) have been received from the Commissioner(s)
as indicated by the name(s) checked below:

Commissioner Aikens	<u>X</u>
Commissioner Elliott	<u>X</u>
Commissioner Josefiak	<u>X</u>
Commissioner McDonald	<u> </u>
Commissioner McGarry	<u> </u>
Commissioner Thomas	<u>X</u>

This matter will be placed on the meeting agenda
for January 24, 1989.

Please notify us who will represent your Division before the
Commission on this matter.

cc: Chairman Office